

Assembly Bill No. 77

CHAPTER 503

An act to amend Section 14132.01 of the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor October 4, 2005. Filed with
Secretary of State October 4, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

AB 77, Frommer. Medi-Cal: clinics: reimbursement.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits, including drugs, prosthetic and orthotic devices, durable medical equipment, medical supplies, and enteral formulae.

Pursuant to a federal waiver, the Medi-Cal program administers a program known as the Family Planning, Access, Care, and Treatment (Family PACT) Waiver Program, under which comprehensive clinical family planning services are provided to any person who has a family income at or below 200% of the federal poverty level and who is eligible to receive those services pursuant to the terms of the waiver.

Under this program, reimbursement for take-home drugs and supplies provided by a licensed community clinic or free clinic, or an intermittent clinic, is required to be the lesser of the amount billed or the Medi-Cal reimbursement rate and shall not exceed the net cost of the drugs or products as provided to retail pharmacies under the Medi-Cal program.

This bill would revise this reimbursement formula and would provide that reimbursement to these clinics for take-home drugs and supplies covered under these provisions shall be reimbursed as described in the bill.

Existing law exempts from the reimbursement formula federally qualified health centers and rural health clinics that have elected to be reimbursed for pharmacy costs based on certain other provisions.

This bill would authorize federally qualified health centers and rural health clinics electing under this provision to bill and be reimbursed pursuant to the bill.

Existing law also requires these clinics to comply with billing amount standards for take-home drugs and supplies covered under the Medi-Cal program and Family PACT Waiver Program.

This bill would revise the billing amount standards. The bill would require these clinics to bill the Medi-Cal program and Family PACT Waiver Program for drugs and supplies covered under these programs at the lesser of cost or the clinic's usual charge made to the general public. The bill would define "cost" for purposes of this provision.

The people of the State of California do enact as follows:

SECTION 1. Section 14132.01 of the Welfare and Institutions Code is amended to read:

14132.01. (a) Notwithstanding any other provision of law, a community clinic or free clinic licensed pursuant to subdivision (a) of Section 1204 of the Health and Safety Code or an intermittent clinic operating pursuant to subdivision (h) of Section 1206 of the Health and Safety Code, that has a valid license pursuant to Article 13 (commencing with Section 4180) of Chapter 9 of Division 2 of the Business and Professions Code shall bill and be reimbursed, as described in this section, for drugs and supplies covered under the Medi-Cal program and Family PACT Waiver Program.

(b) (1) A clinic described in subdivision (a) shall bill the Medi-Cal program and Family PACT Waiver Program for drugs and supplies covered under those programs at the lesser of cost or the clinic's usual charge made to the general public.

(2) For purposes of this section, "cost" means an aggregate amount equivalent to the sum of the actual acquisition cost of a drug or supply plus a clinic dispensing fee not to exceed twelve dollars (\$12) per billing unit as identified in either the Family PACT Policies, Procedures, and Billing Instructions Manual, or the Medi-Cal Inpatient/Outpatient Provider Manual governing outpatient clinic billing for drugs and supplies, as applicable. For purposes of this section, "cost" for a take-home drug that is dispensed for use by the patient within a specific timeframe of five or less days from the date medically indicated means actual acquisition cost for that drug plus a clinic dispensing fee, not to exceed seventeen dollars (\$17) per prescription. Reimbursement shall be at the lesser of the amount billed or the Medi-Cal reimbursement rate, and shall not exceed the net cost of these drugs or supplies when provided by retail pharmacies under the Medi-Cal program.

(c) A clinic described in subdivision (a) that furnishes services free of charge, or at a nominal charge, as defined in subsection (a) of Section 413.13 of Title 42 of the Code of Federal Regulations, or that can demonstrate to the department, upon request, that it serves primarily low-income patients, and its customary practice is to charge patients on the basis of their ability to pay, shall not be subject to reimbursement reductions based on its usual charge to the general public.

(d) Federally qualified health centers and rural health clinics that are clinics as described in subdivision (a) may bill and be reimbursed as described in this section, upon electing to be reimbursed for pharmaceutical goods and services on a fee-for-service basis, as permitted by subdivision (k) of Section 14132.100.

(e) A clinic that otherwise meets the qualifications set forth in subdivision (a), that is eligible to, but that has elected not to, utilize drugs purchased under the 340B Discount Drug Program for its Medi-Cal patients, shall provide notification to the Health Resources and Services

Administration's Office of Pharmacy Affairs that it is utilizing non-340B drugs for its Medi-Cal patients in the manner and to the extent required by federal law.

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